

CONTRACT #3
RFS # 317.01-00001
FA # 09-26812

Finance & Administration
Benefits Administration

VENDOR:
Thomson Reuters Healthcare,
Inc.



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF BENEFITS ADMINISTRATION
William R. Snodgrass Tennessee Tower
312 Rosa L Parks Avenue, Suite 2600
Nashville, Tennessee 37243

Dave Goetz
COMMISSIONER

Phone: 615.741.4517
Fax: 615.253.8556

Laurie Lee
EXECUTIVE DIRECTOR

RECEIVED
APR 27 2010
FISCAL REVIEW

MEMORANDUM

TO: James White, Executive Director, Fiscal Review Committee

FROM: Laurie Lee *LL*

DATE: April 27, 2010

RE: Amendment # 1 to Thomson Reuters Public Sector Plan Contract Edison ID # 3620

This is to request a start date of January 1, 2011 for amendment # 1 to the contract with Thomson Reuters Healthcare, Inc. that would allow for monthly updates from up to six Third Party Administrators (TPAs) which could result from the current procurement being conducted by Benefits Administration in line with the re-design of the State, Local Education and Local Government Insurance Plans for participants. Further, this amendment adds the Diagnostic Cost Grouper (DCGs) classifications to the State's Advantage Suite database which will vastly improve the State's internal analytical capabilities and enable the State to reduce its reliance on more expensive actuarial consulting services. The amendment would become effective January 1, 2011 and the associated cost is an annual fee for both of these additional services.

Thomson Reuters Healthcare, Inc. currently provides all of the decision support system and executive information system services for Benefits Administration. This amendment would strengthen Benefits Administration's data analysis capabilities through the use of DCG risk adjustment within many analytic projects.

A copy of the amendment, original contract and all requested supplemental information is included.

Thank you for your consideration of this request.

Supplemental Documentation Required for Fiscal Review Committee

*Contact Name:	Marlene Alvarez	*Contact Phone:	615.253.8358		
*Original Contract Number:	FA -09-26812-00	*Original RFS Number:	31701 - 00001		
Edison Contract Number: (if applicable)	Edison ID # 3620	Edison RFS Number: (if applicable)			
*Original Contract Begin Date:	December 1, 2008	*Current End Date:	December 31, 2013		
Current Request Amendment Number: (if applicable)		1			
Proposed Amendment Effective Date: (if applicable)		January 1, 2011			
*Department Submitting:		Finance & Administration			
*Division:		Benefits Administration			
*Date Submitted:		April 27, 2010			
*Submitted Within Sixty (60) days:		Yes			
If not, explain:					
*Contract Vendor Name:		Thomson Reuters (Healthcare), Inc.			
*Current Maximum Liability:		\$2,495,600.00			
*Current Contract Allocation by Fiscal Year: (as Shown on Most Current Fully Executed Contract Summary Sheet)					
FY: 2009	FY: 2010	FY: 2011	FY: 2012	FY: 2013	FY: 2014
\$218,600.00	\$457,000.00	\$494,800.00	\$520,000.00	\$534,400.00	\$270,800.00
*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from STARS or FDAS report)					
FY: 2009	FY: 2010	FY: 2011	FY: 2012	FY: 2013	FY: 2014
\$204,801.76	\$322,892.31				\$
<p>IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:</p>			<p>Contract Per Member Per Month (PMPM) expenditures are based on estimates of annual plan membership for the term of the contract. Actual membership may vary from the original estimates during the term of each contract, and therefore funding needs may vary. Monthly funding of contract expenditures is obtained, on an as needed basis, from each separate plan funds (State Fund 55, Local Education Fund 56, and Local Government Fund 58). Plan fund revenues are obtained primarily from employer and employee premiums, which are annually set by the committees, and utilized for paying all health plan fund expenses (claims and administrative expenses, etc.), and can only be utilized for that purpose.</p>		
<p>IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:</p>			<p>Under TCA –Title 8: Chapter 27-102 (a), 301 (b), and 207 (d) the State, Local Education and Local Government insurance committees have the authority to enter into contracts with insurance companies,</p>		

Supplemental Documentation Required for Fiscal Review Committee

	<p>claims administrators, and other organizations for some or all of the insurance benefits or services, including actuarial and consulting advice for the purpose of administering the state sponsored basic health plans. Monthly funding of contract expenditures are obtained, on an as needed basis, from each separate plan fund (State Fund 55, Local Education Fund 56, and Local Government Fund 58). By approving the one year contract extensions, the insurance committees have authorized the payment of expenses from the funds for the additional one year extension. The present estimated maximum liability of the contract is changed based on the estimate of the additional one year expenses due to the contract extension. These contracts are in allotment code 317.86 that is an off-line code and does not submit carry-forward letters. The insurance funds are billed each month and they each carry a fund balance which can be found on the Comprehensive Annual Financial Report (CAFR).</p>			
<p>IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:</p>	<p>Not Applicable.</p>			
<p>*Contract Funding Source/Amount:</p>	<p>State:</p>		<p>Federal:</p>	
<p>Interdepartmental:</p>	<p>\$2,495,600.00</p>		<p>Other:</p>	
<p>If "other" please define:</p>				
<p>Dates of All Previous Amendments or Revisions: (if applicable)</p>		<p>Brief Description of Actions in Previous Amendments or Revisions: (if applicable)</p>		
<p>NA</p>				
<p>Method of Original Award: (if applicable)</p>			<p>RFP</p>	
<p>*What were the projected costs of the service for the entire term of the contract prior to contract award?</p>			<p>\$3,000,000 to \$4,000,000</p>	

Supplemental Documentation Required for Fiscal Review Committee

For all new non-competitive contracts and any contract amendment that changes Sections A or C.3. of the original or previously amended contract document, provide estimates based on information provided the Department by the vendor for determination of contract maximum liability. Add rows as necessary to provide all information requested.

If it is determined that the question is not applicable to your contract document attach detailed explanation as to why that determination was made.

Planned expenditures by fiscal year by deliverable. Add rows as necessary to indicate all estimated contract expenditures.

Deliverable description:	FY: 2011	FY: 2012	FY: 2013	FY: 2014	FY:
Monthly update for up to six vendors	\$50,000	\$50,000	\$50,000		
Inclusion of diagnostic cost grouper (DCG)	\$20,000	\$20,000	\$20,000		
Monthly PMPM fee	\$372,000	\$390,000	\$400,000	\$220,000	
Specialized Consulting & Analytical Support	\$30,000	\$30,000	\$30,000	\$30,000	

Proposed savings to be realized per fiscal year by entering into this contract. If amendment to an existing contract, please indicate the proposed savings to be realized by the amendment. Add rows as necessary to define all potential savings per deliverable.

Deliverable description:	FY:	FY:	FY:	FY:	FY:
Not Applicable					

Comparison of cost per fiscal year of obtaining this service through the proposed contract or amendment vs. other options. List other options available (including other vendors), cost of other options, and source of information for comparison of other options (e.g. catalog, Web site). Add rows as necessary to indicate price differentials between contract deliverables.

Proposed Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Not Applicable					
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:

Thomson Reuters
Payments as of 04/21/2010

<u>FY</u>	<u>Expenditures</u>
2009	204,801.76
2010	<u>322,892.31</u>
Total	527,694.07

NON-COMPETITIVE AMENDMENT REQUEST:**APPROVED****Commissioner of Finance & Administration**

1) RFS #	31701-00001	
2) Procuring Agency :	Finance & Administration, Benefits Administration	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Design, implementation, maintenance, & operation of a Health Information Decision Support System/ Executive Information System (DSS/EIS) for the State's Public Sector plans.	
4) Contractor :	Thomson Reuters (Healthcare), Inc.	
5) Contract #	Edison # 3620	
6) Contract Start Date :	December 1, 2008	
7) CURRENT Contract End Date : (if ALL options to extend the contract are exercised)	December 31, 2013	
8) CURRENT Maximum Cost : (if ALL options to extend the contract are exercised)	\$2,495,600.00	
PROPOSED AMENDMENT INFORMATION		
9) Amendment #	1	
10) Amendment Effective Date : (attached explanation required if < 60 days after F&A receipt)	January 1, 2011	
11) PROPOSED Contract End Date : (if ALL options to extend the contract are exercised)	December 31, 2013	
12) PROPOSED Maximum Cost : (if ALL options to extend the contract are exercised)	\$2,495,600.00	
13) Approval Criteria : (select one)	<input checked="checked" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
<p>This amendment updates the requirement for the Contractor to accept monthly files from up to six (6) medical Third Party Administrators (TPAs) and a Behavioral Health Management Organization (BHMO) and revises the language regarding preparation and dissemination of the data quality spreadsheet to fifteen (15) days after the database updates unless otherwise directed by the State. The amendment also adds language regarding Risk Adjustment/Predictive Modeling capabilities to the current Advantage Suite database through the inclusion of the Diagnostic Cost Grouper (DCG) classifications to the State's Advantage Suite database.</p>		
15) Explanation of Need for the Proposed Amendment :		
<p>The amendment reflects the current plan re-design for the State, Local Education and Local Government Plans through the current Third Party Administrators (TPAs) RFP. That procurement could result in up to six TPAs and this amendment allows for that possibility. The addition of the risk adjustment/predictive modeling capabilities to the current Advantage Suite database will greatly enhance the State's ability to perform the necessary risk adjustment</p>		

and predictive modeling so crucial to these plans.

16) Name & Address of Contractor's Current Principal Owner(s) : (not required for a TN state education institution)

Thomson Reuters (Healthcare) Inc.
1007 church Street, Suite 700
Evanston, Illinois 60201

17) Office for Information Resources Endorsement : (required for information technology service; n/a to THDA)

Documentation is ... ☒ Not Applicable to this Request ☐ Attached to this Request

18) eHealth Initiative Endorsement : (required for health-related professional, pharmaceutical, laboratory, or imaging service)

Documentation is ... ☒ Not Applicable to this Request ☐ Attached to this Request

19) Department of Human Resources Endorsement : (required for state employees training service)

Documentation is ... ☒ Not Applicable to this Request ☐ Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

Benefits Administration did not seek another vendor as the current vendor is performing this decision support system function with the three current TPAs.

21) Justification for the Proposed Non-Competitive Amendment :

The Contractor must be able to accept monthly files from up to six (6) medical Third Party Administrators (TPAs) and a Behavioral Health Management Organization (BHMO) in order to comply with the plan re-design as approved by the State, Local Education and Local Government Insurance Committees. This amendment will allow for the smooth transition in January, 2011 to the new TPAs.

AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

SIGNATURE & DATE

4/22/10



CONTRACT AMENDMENT

Agency Tracking # 31701 - 00001		Edison ID 3620		Contract # FA -09-26812-00		Amendment # 1	
Contractor Thomson Reuters (Healthcare), Inc.				Contractor Federal Employer Identification or Social Security # <input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 06 - 1467923			
Amendment Purpose/ Effects Changes language regarding preparation and dissemination of the data quality spreadsheet allowing fifteen (15) days after the database updates unless otherwise directed by the State. Adds language regarding Risk Adjustment/Predictive Modeling Capabilities, compensation for the monthly update of the State's database at an annual fee of \$50,000.00 and compensation for the inclusion of Diagnostic Cost Grouper (DCG) to the current Advantage Suite database capabilities at an annual fee of \$20,000.00.							
Contract Begin Date December 1, 2008		Contract End Date December 31, 2013		Subrecipient or Vendor <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor		CFDA #(s)	
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount		
2009			\$218,600.00		\$218,600.00		
2010			\$457,000.00		\$457,000.00		
2011			\$494,800.00		\$494,800.00		
2012			\$520,000.00		\$520,000.00		
2013			\$534,400.00		\$534,400.00		
2014			\$270,800.00		\$270,800.00		
TOTAL:			\$2,495,600.00		\$2,495,600.00		
American Recovery and Reinvestment Act (ARRA) Funding - <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO							
— COMPLETE FOR AMENDMENTS —			Agency Contact & Telephone #				
END DATE AMENDED? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO			Marlene Alvarez – Manager of Procurement & Contracting Tennessee Department of Finance & Administration, Benefits Administration 312 Rosa L Parks Avenue, Suite 2600 Nashville, Tennessee 37243 615.253.8358				
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Agency Budget Officer Approval (there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred)				
2009	\$218,600.00						
2010	\$457,000.00						
2011	\$494,800.00						
2012	\$520,000.00						
2013	\$534,400.00		Speed Code Account Code				
2014	\$270,800.00						

TOTAL:	\$2,495,600.00		FA- 00000091	70803000
— OCR USE —			Procurement Process Summary (non-competitive, FA- or ED-type only) RFP	

**AMENDMENT ONE
TO FA-09-26812-00**

This Contract Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, Local Education Insurance Committee and Local Government Insurance Committee, hereinafter referred to as the "State" and Thomson Reuters (Healthcare) Inc., hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The text of Contract Section A.6.4. is deleted in its entirety and replaced with the following:

A.6.4. The Contractor shall accept monthly files from up to six (6) medical Third Party Administrators (TPAs) and a Behavioral Health Management Organization (BHMO). Upon each monthly update to the State's database as directed by the State, the Contractor shall prepare and disseminate to the appropriate State personnel a data quality spreadsheet that details various data quality measures for each of the State's health insurance carriers described above. Unless otherwise directed by the State, this spreadsheet shall be delivered to the State within fifteen (15) days after the database updates each calendar month. The State will reimburse the Contractor an annual fee for this monthly report.
2. The following provision is added as Contract Section A.20.:

A.20. Risk Adjustment/Predictive Modeling Capabilities

The Contractor shall add risk adjustment/predictive modeling capabilities to the current Advantage Suite database through the inclusion of the Diagnostic Cost Grouper (DCG) classifications to the State's Advantage Suite database. The State will reimburse the Contractor an annual fee the inclusion of this additional enhancement to the current Advantage Suite capability.
3. The following provision is added as Contract Section C.3.e.:

C.3.e. The Contractor shall be compensated for the monthly update of the State's database at an annual fee of \$50,000.00 per the Contract requirements detailed in Contract Section A.6.4. to be included with the first submitted invoice of the calendar year.
4. The following provision is added as Contract Section C.3.f.:

C.3.f. The Contractor shall be compensated for the inclusion of Diagnostic Cost Grouper (DCG) to the current Advantage Suite database capabilities at an annual fee of \$20,000.00 per the Contract requirements detailed in Contract Section A.20. to be included in the first submitted invoice of the calendar year.

The revisions set forth herein shall be effective January 1, 2011. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

THOMSON REUTERS (HEALTHCARE) INC.:

CONTRACTOR SIGNATURE


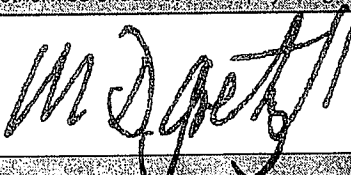
DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

**STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE AND
LOCAL GOVERNMENT INSURANCE COMMITTEE:**

M.D. GOETZ, JR., CHAIRMAN

DATE

RFS #		Contract #	
317.86 — 054 — 09		FA — 09 — 26812-00	
State Agency		State Agency Division	
Finance & Administration		Benefits Administration	
Contractor Name		Contractor ID # (FEIN or SSN)	
Thomson Reuters (Healthcare), Inc.		<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 06 — 1467923	
Service Description			
Design, implementation, maintenance, & operation of a Health Information Decision Support System / Executive Information System (DSS / EIS) for the State's Public Sector plans.			
Contract Begin Date		SUBRECIPIENT or VENDOR?	
December 1, 2008		Vendor	
Contract End Date		CFDA #	
December 31, 2013			
Mark Each TRUE Statement			
<input checked="" type="checkbox"/> Contractor is on STARS		<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts	
Allotment Code		Funding Grant Code	
317.04			
Cost Center		Funding Subgrant Code	
991001			
Object Code		Fund	
083		11	
FY		TOTAL Contract Amount	
2009		\$218,600.00	
2010		\$457,000.00	
2011		\$494,800.00	
2012		\$520,000.00	
2013		\$534,400.00	
2014		\$270,800.00	
TOTAL		\$2,495,600.00	
— COMPLETE FOR AMENDMENTS ONLY —			
FY		State Agency Fiscal Contact & Telephone #	
2009		Maureen Abbey, Office of Business & Finance	
2010		312 Rosa L Parks Avenue, Suite 2000	
2011		Nashville, TN 37243	
2012		615.741.6070	
2013			
2014			
TOTAL			
End Date:		State Agency Budget Officer Approval	
2009 JAN 1 11 00 AM			
2010 JAN 1 11 00 AM			
2011 JAN 1 11 00 AM			
2012 JAN 1 11 00 AM			
2013 JAN 1 11 00 AM			
2014 JAN 1 11 00 AM			
TOTAL			
End Date:		Funding Certification (certification, required by F.G.A. § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)	
2009 JAN 1 11 00 AM			
2010 JAN 1 11 00 AM			
2011 JAN 1 11 00 AM			
2012 JAN 1 11 00 AM			
2013 JAN 1 11 00 AM			
2014 JAN 1 11 00 AM			
TOTAL			
End Date:		DEC 1 0 2008	
Contractor Ownership (complete for ALL base contracts — N/A to amendments or delegated authorities)			
<input type="checkbox"/> African American <input type="checkbox"/> Person w/ Disability <input type="checkbox"/> Hispanic <input type="checkbox"/> Small Business <input type="checkbox"/> Government			
<input type="checkbox"/> Asian <input type="checkbox"/> Female <input type="checkbox"/> Native American <input checked="" type="checkbox"/> NOT Minority/Disadvantaged <input type="checkbox"/> Other			
Contractor Selection Method (complete for ALL base contracts — N/A to amendments or delegated authorities)			
<input checked="" type="checkbox"/> RFP <input type="checkbox"/> Competitive Negotiation * <input type="checkbox"/> Alternative Competitive Method *			
<input type="checkbox"/> Non-Competitive Negotiation * <input type="checkbox"/> Negotiation w/ Government (ID, GG, GU) <input type="checkbox"/> Other *			
Procurement Process Summary (complete for selection by Non-Competitive Negotiation, Competitive Negotiation, OR Alternative Method)			
CCR			

**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE,
LOCAL GOVERNMENT INSURANCE COMMITTEE,
AND
THOMSON REUTERS (HEALTHCARE) INC.**

This Contract, by and between the State of Tennessee, State Insurance Committee, Local Education Insurance Committee and Local Government Insurance Committee, hereinafter referred to as the "State" and Thomson Reuters (Healthcare) Inc., hereinafter referred to as the "Contractor," is for the provision of a Health Care Information Decision Support System/Executive Information System (DSS/EIS), as further defined in the "SCOPE OF SERVICES."

The Contractor is A FOR-PROFIT CORPORATION.

Contractor Federal Employer Identification or Social Security Number: 06-1467923

Contractor Place of Incorporation or Organization: 1007 Church St, Suite 700, Evanston, IL 60201

A. SCOPE OF SERVICES:

- A.1. The Contractor shall design, implement, maintain, and operate a Health Information Decision Support System/Executive Information System (DSS/EIS) for the State's Public Sector Plans adhering to all service requirements detailed herein as well as all associated service and deliverables as required, described, and detailed by this Scope of Services and shall meet all service and delivery timelines specified in the Scope of Services section or elsewhere in this Contract.

The State shall provide the Contractor with enrollment and eligibility data in one format on a monthly basis consistent with Section A.2. of this Contract. The State shall also work with the claims administrators toward providing the Contractor necessary claims data in one format on a monthly basis.

"Members" shall be defined herein as eligible employees and their dependents; retirees and their dependents and survivors; and individuals qualified under The Federal Consolidated Omnibus Budget Reconciliation Act (COBRA) and their dependents; who are enrolled in the health plan options sponsored by the State, Local Education, and Local Government Insurance Committees.

A.2. Data Base Design, Implementation and Update Service

- A.2.1 The Contractor shall design, develop, and operate a single customized, fully integrated DSS database (data warehouse), running at a Contractor facility, using Contractor hardware/software, in an Application Service Provider (ASP) mode.
- A.2.2 The Contractor shall accept and load three (3) years of historical claims data to the database and accept and load for each month during the term of the Contract claims (medical, pharmacy and mental health and substance abuse) data feeds ("State data") in the Contractor's format from each of the State's self-insured claims administrators. The Contractor shall import data into the Contractor's database supporting DSS/EIS on-line access. Contractor must load the monthly claims data within fifteen (15) working days of receipt of usable data from the claims administrators. Contractor shall accept, monthly, during the term of the Contract up to a maximum of 15 individual claims data format conversions.
- A.2.3 The Contractor shall also accept from the State and load to the database three (3) years of historical eligibility and enrollment data. In addition, for each month during the term of the Contract, the Contractor shall accept and load eligibility and enrollment data provided by the State in an electronic format. When the Contractor requires the exchange of Protected Health Information (PHI) with the State of Tennessee, the State recommends the use of second level authentication. This is accomplished using the State's standard software product which supports Public Key Infrastructure (PKI). The Contractor will agree to design a solution, in coordination with the State, to connect to the State's SFTP server using a combination of the password and the authentication certificate. Additionally, federal standards require encryption of all electronic protected health data at rest as well as during transmission. The State of Tennessee uses public key encryption with Advanced Encryption Standard (AES) to encrypt PHI. If the State adopts a different or additional encryption standard or tool in the future, the Contractor is expected,

with adequate notice, to cooperate with the State to maintain the security of protected information according to all applicable State and Federal standards.

- A.2.4 The Contractor, during the term of the Contract shall accept from the State monthly enrollment and eligibility data in one format consisting of up to no more than 350,000 covered lives.
- A.2.5 The Contractor shall provide, through the DSS/EIS, on-line access to a minimum of five (5) complete calendar years of paid claims data and sixty (60) months of complete incurred claims data.
- A.2.6 The Contractor shall maintain all historical data received during the term of the Contract, and provide a methodology satisfactory to the State for the archiving and retrieving of historical data at no cost. All historical claims and enrollment data shall remain the property of the State, and shall be returned to the State at Contract termination.
- A.2.7 The Contractor shall maintain a data quality assurance program to identify and assist in correcting current and future problems with the data submitted by the claims administrators and the State. Standard Contractor-provided data quality reports as well as various custom data quality thresholds applicable to the State of Tennessee should be provided to the State with each monthly data submission. These custom data quality threshold reports will allow the State to determine the data quality for each of its health plan carriers and the basis of these measures will be used in the State's contracts with its health insurance carriers.
- A.2.8 The Contractor shall maintain a comparative database to allow for benchmarking against comparable standards. Benchmarking data should be inclusive of Contractor's book of business further categorized by geographic region (North, South, etc.) and industry levels; plan types (PPO, POS, HMO, etc.); and service industry (i.e. state governments). Refer to Contract Attachment E.
- A.2.9 The Contractor shall have a methodology for encrypting, and shall encrypt, all individually identifiable health information in compliance with the Federal HIPAA law.
- A.2.10. State's Information Architecture. The Contractor shall provide all services requested through this Contract within the context of the technical environment described by the State's Information Architecture, herein incorporated as Contract Attachment D. The State reserves the right to amend the Information Architecture throughout the term of the Contract.

A.3. **Application Software and User Access**

- A.3.1 The Contractor shall provide on-line web-based computer-to-computer access to the DSS services via a microcomputer platform under the Windows operating system for use of the personal computer of the designated State users. Access must be made through an encrypted VPN tunnel. The web-based access shall be provided to a maximum of five (5) individual, simultaneous, on-line State users. These "power" users would have the full "drill down" query and analysis capabilities of the DSS, with the ability to generate user-developed reports.
- A.3.2. The Contractor shall, through the Executive Information System (EIS), provide on-line computer-to-computer executive management reporting and analysis on the desktop computers for up to five (5) simultaneous users. The reporting and analysis tools must include, at a minimum, prepackaged reports, query, online analytical processing, and scenario planning tools.
- A.3.3 The Contractor shall assure that the DSS/EIS will be available to State users ninety eight percent (98%) of the time between the hours of 6:00 a.m. and 7:00 p.m. Central Time Monday through Saturday calculated on a thirty (30) day basis. The State will allow the contractor to exclude the time spent performing regular maintenance and database updates.
- A.3.4 The Contractor shall have for the DSS/EIS a Disaster Recovery Plan in place, which is updated and tested at least annually.
- A.3.5 The Contractor shall establish, use, document, and otherwise maintain professionally and technically sound quality assurance standards for the DSS/EIS.
- A.3.6 The Contractor shall, during the life of the Contract, make all upgrades/enhancements to any of the proposed software products available to the State for their use through the Contractor's DSS/EIS, at no

additional cost to the State. Such upgrades/enhancements would include, but not be limited to, refinements, updates, new releases, reprogramming and other changes to the DSS/EIS environment.

A.4. DSS Capabilities and Functionality

The Contractor is required, during the term of the Contract, to provide the following capabilities and functionality through the DSS consistent with the data provided by the State and its claim and program administrators. Further, the Contractor shall provide some type of security clearances so that certain groups of State users have individual member level access while other users on the system only have blinded member information available.

A.4.1. Database Requirements, the Contractor's DSS must:

- A.4.1.1. Must be able to perform data matches against other databases, including but not limited to State databases, to identify common files
- A.4.1.2. Link all claims related to a hospital admission
- A.4.1.3. Link all claims related to outpatient episodes of care consistent with the Contractor's definition of episodes of care.
- A.4.1.4. Assign Major Diagnostic Categories (MDC) to inpatient cases and outpatient services.
- A.4.1.5. Allow for the inclusion of custom or state specific fields and/or categories (e.g. county of residence)
- A.4.1.6. Assign Diagnostic Related Groups (DRG) to inpatient cases. Contractor must provide information on the DRG grouper utilized during the term of the Contract.
- A.4.1.7. Assign ICD-9 codes to inpatient and outpatient physician and hospital cases and outpatient medical services.
- A.4.1.8. Create a provider directory with specific identifiers to eventually include the National Provider Identifier (NPI), allowing for consistent reporting and provider identification across health plans and eventually negating the need for provider "home grown" codes or provider identities.
- A.4.1.9. Link all eligible dependents with contract holder.
- A.4.1.10. Assign outpatient classification variables.
- A.4.1.11. Allow for independent analysis and study, providing full "drill-down" capabilities to the level of individual participant or provider.
- A.4.1.12. Allow for exporting and importing of data to Excel spreadsheet software.
- A.4.1.13. Allow for sub-setting of data on various levels to allow flexibility in reporting.
- A.4.1.14. Allow for ad hoc reporting capability with graphic presentation ability (i.e. the ability to take report results and create custom bar, column, and/or pie charts).
- A.4.1.15. Provide audit trails.
- A.4.1.16. Edit data for reasonableness and accuracy.
- A.4.1.17. Link eligibility data to claims data.
- A.4.1.18. Allow data to be reported on both an incurred and paid basis.
- A.4.1.19. Maintain detailed information regarding drug claims including, front end deductibles, ingredient costs, dispensing fees, co-payments and discounts off average wholesale price (AWP).

- A.4.1.20. Link medical claims data to pharmacy claims by individual, family, and sub-groups.
- A.4.1.21. Provide cross-links to all participant and provider demographic and geographic indicators.
- A.4.1.22. Provide cross-links to all claims related to Ambulatory Surgical Centers, and outpatient hospital surgical settings reimbursed on an ASC basis.
- A.4.1.23. Provide links to drug claims by NDC codes, therapeutic groups, and therapeutic classes.
- A.4.1.24. Provide and maintain current generic, brand, and scientific names for prescription drugs from a link to NDC codes.
- A.4.1.25. Provide for the capability to link medical, pharmacy, behavioral health, and disease management by member
- A.4.1.26. Be able to classify ambulatory facility services into ASC/APC, and/or APG codes/payment groups.
- A.4.1.27. Allow reporting of population by age. Contractor must provide description of established age groupings and the flexibility to create new or modify existing groupings.
- A.4.1.28. Be able to accommodate disease management and pharmacy benefit management
- A.4.1.29. Allow for comparisons of data to regional and national norms and have the capability for automatic (online) case-mix, age-sex and severity adjustments to ensure accuracy of analysis.
- A.4.1.30. Provide links to utilization by rate codes (defined by classes such as actives versus retirees/COBRA/Medicare eligibles, etc.) and all other divisions of contract types (define employee coverage across eligibility variables), and plan and agencies.
- A.4.1.31. All Public Sector plan participants are currently identified on the monthly enrollment file that the State submits to its current DSS contractor by a "budget code" – a 5 digit number in the form of "####.##". Contractor must be able to create custom fields within its health plan decision support system that will allow the State to create custom subsets that allow for drilling down to state-specific level of detail outside the Contractor's prepackaged software – using the above referenced budget code, for instance.
- A.4.1.32. Be able to compare data from other State of Tennessee sponsored health plans under contract with the Contractor in a single report format.
- A.4.1.33. The system shall include a graphical user interface for customized queries. This interface will auto-create Standard Query Language (SQL) statements. The interface shall make visible to the user the complete text of the SQL code, and it shall easily allow the user to copy/paste and re-use the code. The system shall also provide an interface allowing users to view, create, cut-and-paste, edit and otherwise modify, and execute SQL statements directly and with ease. For reference, examples of this type of system include but are not limited to Query Analyser in Enterprise Manage (Microsoft SQL Server) and Microsoft Access Query Grid.

A.5. Plan Performance and Evaluation, the Contractor's DSS must:

- A.5.1. Have ability to measure performance and evaluate all plan types (POS, PPO, HMO and HDHP)
- A.5.2. Have the ability to integrate claims information at the member level (indemnity, POS, PPO, HMO and High Deductible Health Plans), enrollment information, wellness data, and carve out programs including pharmacy, mental health, substance abuse and disease management.
- A.5.3. Have the ability to maintain, track, and link the enrollment and claims associated with participants in disease management programs, wellness programs or other specific programs to medical and pharmacy.
- A.5.4. Have the following specific software and analytical consulting methods needed to support the various components of the managed care program evaluation:

- A.5.4.1. Profile the cost and use performance of specified physicians and hospitals. The DSS should allow for the adjustment of case-mix in providing accurate comparisons among providers.
- A.5.4.2. Allow for the evaluation of the use of in-network and out-of-network services by members.
- A.5.4.3. Allow for the evaluation of specific negotiated payment discount arrangements.
- A.5.4.4. Allow for the monitoring of performance by specific provider networks within a multi-network program.
- A.5.4.5. Allow for the evaluation and tracking of a disease management program, be able to identify program participants and review their specific claims cost and utilization pre and post disease management program enrollment
- A.5.4.6. Allow for population evaluation and tracking of cost utilization by disease, demographic, or other clinical designations
- A.5.4.7. Provide reporting capability for monitoring the following areas:
 - A.5.4.7.1. Third party claims administrators and/or insurers.
 - A.5.4.7.2. Medical management firms.
 - A.5.4.7.3. Providers such as physicians, hospitals, other health care providers, and provider networks.
 - A.5.4.7.4. Cost containment programs: drugs, variable deductibles, outpatient, physician and outpatient benefits.
 - A.5.4.7.5. Wellness program benefits to the health plan.
 - A.5.4.7.6. Pharmacy benefits manager.
 - A.5.4.7.7. Quality measures such as HEDIS reporting across a broad range of adult and children related variables.
 - A.5.4.7.8. Disease management programs

A.6. Historical Data and Update Period, the Contractor's DSS must:

- A.6.1. Reconstruct the five (5) years of history for the appropriate plans in the database, maintaining at least sixty-three (63) months of paid claims paid data and sixty (60) months of incurred claims data on-line.
- A.6.2. Maintain data in the database to allow for user analysis on both a paid-date and incurred-date basis.
- A.6.3. Be able to import up to 10 years of historical plan eligibility and claims data from the State's current DSS vendor. The State does not want to lose access to this valuable historical data and would like to maintain this data in one location should the need arise in the future to request that the DSS Contractor make that data available to the State for access for reporting purposes.
- A.6.4. Upon each monthly update to the State's database as directed by the State, the Contractor shall prepare and disseminate to the appropriate State personnel a data quality spreadsheet which details various data quality measures for each of the State's health insurance carriers. Typically, the State would want to receive this document between 15 and 30 days after the database updates each calendar month.

A.7. Standard Reporting Capabilities, the Contractor's DSS must:

- A.7.1. Produce cost trend reports on inpatient and outpatient hospital, professional, or surgical charges/payments, in total, per case, per member (per capita), or per employee. Must have trend reporting in component of total payments such as deductibles, co-payments, and cost-of-benefit.
- A.7.2. Have reporting on estimate of completed data allowing predictions of incurred cost trends before the database reflects complete payment of claims.
- A.7.3. Have utilization trend reports on admissions or services, average length of stay, days of care, numbers and settings (inpatient/outpatient/physician office) of surgical cases.

- A.7.4. Have third party administrator evaluation reports on cost-of-benefits savings, and pricing reductions and claims lag with normative comparisons.
- A.7.5. Clinical evaluation reports with normative comparison on:
 - A.7.5.1. Inpatient use and cost by Major Diagnostic Category (MDC) and Diagnosis Related Group (DRG);
 - A.7.5.2. Outpatient use and cost by MDC, treatment group, service type and provider type;
 - A.7.5.3. Physician use and cost by ICD-9;
 - A.7.5.4. Ambulatory surgery reports to compare cost effectiveness of inpatient, outpatient, and physician office surgeries; and
 - A.7.5.5. Outpatient hospital and ambulatory surgical facility reports by APC, APG, and/or ASC codes. Contractor must describe which of these classification systems are supported.
- A.7.6. Have the capability to link all pharmaceutical, medical, disease management, and behavioral health at the member level
- A.7.7. Have provider reports on cost, use, and quality performance of physicians, hospitals, and ancillary services on an inpatient or outpatient basis, ranked by selected criteria.
- A.7.8. Have location evaluation reports for cost and use statistics by employee location (plan (department, agency, geographic location, etc.).
- A.7.9. Provide individual/family evaluation reports on:
 - A.7.9.1. Cost and utilization for high cost individuals and families and distributions of costs and services by individual and by family; and
 - A.7.9.2. Identification of high cost families or individuals by employee or patient ID number.
- A.7.10. Provide quality of care evaluation reports to include:
 - A.7.10.1. Information on outliers, re-admissions, complications of treatment, tracer conditions, nosocomial infections, and deaths, by provider, in total, or per case;
 - A.7.10.2. AHRQ quality Indicators or related indicators; and
 - A.7.10.3. HEDIS measurements or similar quality measurement standards.
- A.7.11. Have financial management reports on the break down of member and plan payments by Plan, month, source of payment, and by service type. Must also show monthly and quarterly trends over time based on the date the claims were paid as well as ability to produce claims triangles in order to determine incurred and paid claims.
- A.7.12. Have financial management reports providing year to year analysis on cost drivers (i.e. volume and price) by plan on an incurred and paid basis.
- A.7.13. Have referral information with the ability to examine in-plan and out-of-plan referral patterns by:
- A.7.14. Type of referral:
 - A.7.14.1. Specialty of servicing physician; and
 - A.7.14.2. Primary care physician's area of practice.
- A.7.15. Have utilization and trend reports on drug data by brand, generic substitutes, and generics; and be able to link this to medical claims as necessary.

A.7.16. Have pharmacy industry reference data (Redbook, First Databank, or Medi-Span) to support analysis by therapeutic group and class, comparisons to average wholesale price by drug name and NDC code, assessment of generic equivalents, etc. State must have the ability to look up drug names by actual drug name or product name within the database and be able to report on these as such

A.7.17. Provide reports addressing the quality of data provided by the third party claims administrator and the pharmacy benefit manager indicating comparisons to industry norms.

A.7.18. Provide examples of standard reports and a description of each report along with a reconciliation matrix of how reports relate to one another.

A.8. Custom Reporting Capabilities, the Contractor's DSS must:

A.8.1. Allow the user to select and track individual plan member's claims and utilization that have been enrolled up to a 60 month time period.

A.8.2. Provide a mechanism for user-designed reports. The Contractor must also provide a wide range of reports that are pre-defined such as, clinical based reports, financial reports, Incurred But Not Reported (IBNR) claims triangle reports, various cost and utilization reports related to pharmaceuticals.

A.8.3. Have a custom reporting module to enable State to create report formats and select fields to be included in the reports with the following minimum options:

A.8.3.1. Tabulate the values of various fields of information against one other field (for example, tabulation of charges, payments, and average charge per case by age group of the patient); and

A.8.3.2. Tabulate values of one field by multiple ranges or another field (for example, tabulation of total payments by location and by dependent status).

A.8.4. Provide functionality within DSS to perform ad hoc reporting and on-line ad hoc queries from a PC when accessing the proposed database. The system must provide query and report development functions.

A.8.5. Be able to combine the above options with data sub-setting to provide ad hoc reporting flexibility.

A.8.6. Be able to save defined subsets to a library or other source for use at a future time. DSS must have the ability to store subsets (i.e. number of subsets per user, subset sharing among users, upload and download capability to Excel).

A.8.7. Have the capability for automatic (on-line) case-mix, age-sex and severity adjustments to ensure accuracy of analysis.

A.9. Statistical Reporting, the Contractor's DSS must:

A.9.1. Provide sum, frequency distribution, mean, mode, variance, standard deviation, co-efficient of variation, minimum and maximum values, percentile rankings, and other statistical values.

A.9.2. Be capable of automatically computing statistics for up to four quantitative fields simultaneously.

A.10. Interactive Data Selection, the Contractor's DSS must:

A.10.1. Allow user to define a portion of the database for use in reporting or modeling so that any database field can be used to define a subset, by removing or adding claims with specific values for a field.

A.10.2. Allow adding of claims or cases of individual/families present in a subset so that full courses or patterns of care may be analyzed.

A.10.3. Allow user to create a national or regional norm from a subset, save it, and use it for internal normative comparisons of employee locations, or classifications, geographic areas, or other portions of the database. Must also include the option to review definitions for all norms available on-line, including database norms and user created norms.

A.11. Interactive Modeling Capability

The Contractor's DSS must be able to perform the following functions:

A.11.1. Health Care Plans (Standard and High Deductible High Health Plan)

Include the capability for modeling future benefits changes such as deductible/co-pay, adding or deleting coverages, etc. to estimate the financial effects of changes to the insurance program. The user must be able to specify factors for inflation, change in use patterns, population changes, fourth quarter carry over, and retention rates. The model should rely on actual claims experience and eligibility data.

A.11.2. Risk Adjustment modeling

Have this capability to allow projections for different premium levels for Risk Adjustment, and calculate the impact of Risk Adjustment selection on plan rates.

A.11.3. Physician and Hospital Network Model

Have the capability to profile the cost and use performance of specified physicians or hospitals. This model should automatically adjust for case-mix, providing accurate comparisons among providers. A quality measure should be based on the Centers for Medicare and Medicaid Services (CMS) mortality statistics.

A.12. DSS/EIS Project Implementation

The Contractor is responsible for implementing the DSS/EIS during the Implementation Period commencing with the Contract award date and through the next three calendar months. The benchmark for implementation is defined as having full DSS functionality for the first three quarters of claims data from 2008. The Contractor shall be able to receive up to 10 years of historical eligibility/enrollment and claims data from the current vendor. The Contractor shall have a fully functioning DSS available to the State to use by February 28, 2009 access to a database that includes claims incurred January 1, 2006 through September 30, 2008 and claims paid January 1, 2006 through December 31, 2008.

A.12.1. The Contractor is responsible for providing the State at the Contract implementation date with the following:

A.12.1.1. Organizational chart depicting the interrelationships and responsibilities between the Contractor's staff, its subcontractors including reporting relationships, and

A.12.1.2. Detailed implementation schedule with specific activities, completion dates and responsible entities, and

A.12.1.3. Weekly progress reports based on the implementation plan.

A.12.1.4. Acceptance Test Plan of the DSS prior to implementation and subsequent certification in writing that the DSS/EIS is ready for use and will perform in accordance with the Acceptance Test Plan.

A.13. DSS/EIS Project Management Plan for Maintenance and Operation (M&O)

A.13.1. Contractor is responsible for providing the State with a detailed M&O plan (M&O commences on the date of full DSS/EIS Program functionality, no later than July 1, 2009) on the date of Contract implementation that shall include the following:

A.13.2. A project organizational chart depicting the interrelationships and responsibilities between the Contractor's staff, its subcontractors including reporting relationships.

A.13.3. Staffing plan for M&O to address the following requirements:

A.13.3.1. Contractor qualified staff necessary to provide account management, data management and analytical support, and

A.13.3.2. Staff that will be readily available by phone five days a week to assist users in the use of the DSS/EIS

including all features, functions and capabilities. These staff shall be qualified to assist in (1) providing practical training and (2) solving particular problems (3) assist in running reports requiring additional functionality, and

- A.13.3.3. Staff that will be readily available to assist the users in using the DSS/EIS to study and research particular issues or problems. This would include walking the user through given steps to complete the task, and suggesting alternative solutions, and
 - A.13.3.4. Assist the users in understanding the meaning of underlying health care data and information conveyed by the DSS /EIS system and in understanding the practical uses of such data and information, and
 - A.13.3.5. Assist users by suggesting new and alternative approaches in the use of the DSS/EIS system and health care data, and
 - A.13.3.6. Assist users in using the DSS/EIS to view or present the data and information in alternative ways. Consulting and analytical support are an integral and critical component of the services being requested from the vendor. The vendor shall provide the necessary staff to address routine inquiries, prepare reports, and work with the State's staff on a continuing basis to assist staff in fully utilizing the DSS/EIS capabilities. The Contractor is expected to routinely review State's data and provide detail reports and advice/suggestions regarding areas where additional analysis may be warranted, reduction of costs may be identified and review claims trends as appropriate.
- A.13.4. Provide the State with a Monthly Status Report no later than 15 days after the close of each month; hold annual meeting with the State to review results, trends, opportunities; and notify the State in advance of any and all changes including, but not limited to, staffing, and system, operational or process changes affecting the DSS/EIS.

A.14. Staffing

- A.14.1. The Contractor warrants and represents that all persons assigned to this Contract shall be employees of the Contractor and shall be fully qualified to perform the work required herein.
- A.14.2. The Contractor must identify the executive and professional personnel who will be assigned to this project and state their duties and responsibilities. Resumes must be provided that include, for each individual identified, the relevant experience in the area of the project they will undertake. Resumes of technical consulting and analytical personnel should include experience in the development language and environment of the systems proposed.
- A.14.3. The State shall have the right to approve or disapprove the Contractor's key personnel assigned to this Contract, approve or disapprove any proposed changes in key staff or to require the removal or assignment of any key Contractor employee or subcontractor personnel found unacceptable by the State.
- A.14.4. The Contractor shall notify the State in writing of any changes in key personnel at least 30 days prior to change. The Contractor shall upon request, provide the State with a resume of any members of its staff assigned or proposed to be assigned to any key aspect of the performance of this Contract.

A.15. Initial Training

- A.15.1. The Contractor shall provide complete initial onsite DSS/EIS training, at the State's offices, by a qualified trainer with at least two (2) years of experience in training in the DSS/EIS to be utilized by the State. The cost of said training shall be borne by the Contractor. Training shall be for up to eight (8) designated State employees. Initial training schedule shall provide for the completion of training prior to February 28, 2009 and shall include the following:
 - A.15.1.1. Course outline including objectives, scope and subject material to be taught.
 - A.15.1.2. Hands-on detailed applications training with emphasis on user generated reporting.
 - A.15.1.3. Use of application software, individual user manuals and related documentation for each user.
 - A.15.1.4. Course material to include manuals and texts necessary for training shall be retained by each

attendee.

A.16. Ongoing DSS Training

- A.16.1. The Contractor shall provide annually, to at least two (2) current users, training for the purpose of enhancing their knowledge of the systems applications and functionality.
- A.16.2. The Contractor must provide during the term of the Contract provisions for training up to two (2) additional State employees on the DSS system, to account for State turnover and/or additional new staff.
- A.16.3. The Contractor must make provisions for annual registration for attendance by three (3) State DSS/EIS users to attend any Contractor conference training designed to enhance the knowledge and analytical skills of DSS/EIS users.
- A.16.4. The Contractor shall provide the State, if necessary, with any training necessary for updates or changes in the DSS at no additional charge

A.17. Performance Guarantees

The Contractor agrees to be bound by the provisions contained in Contract Attachment B, Performance Guarantees, and to pay amounts due upon notification and demonstration of Contractor non-compliance by the State.

A.18. Historical Claims

At the termination of the Contract, the Contractor shall return to the State an electronic copy of all historical claims data received by the Contractor from the State claims administrators during the term of the Contract. Such claims data shall be returned within thirty (30) days of the Contract termination.

A.19. Additional Consulting and Analytical Support

The State may, at its sole discretion and with written notice to the Contractor, request additional specialized consulting and analytical support, beyond that required elsewhere in this Contract, PROVIDED THAT all such additional specialized consulting requested and performed pursuant to this Contract Section, without a formal amendment of this contract, shall be remunerated in accordance with and further limited by Contract Sections C.3.c. and d.

As soon as possible after receipt of a written request from the State for additional specialized consulting, but in no event more than five (5) business days thereafter, the Contractor shall respond to such request with a written proposal for providing the additional service. The proposal must define (i) the expected schedule for additional service performance; (ii) the maximum number and type of person hours required for the additional specialized consulting; and (iii) the maximum cost for performing the additional specialized consulting. The maximum cost to the State for the additional service performance shall be determined by multiplying the maximum number of person hours required by the hourly rate detailed for additional specialized consulting and analytical support in Section C.3.c.

If approved by the State, the proposal provided by the Contractor shall be signed by the State, and any such approved proposal shall, hereby, be incorporated as a part of this Contract. The Contractor shall not perform any additional specialized consulting service until the State has signed the Contractor's proposal.

Subsequent to State approval, the Contractor shall provide the additional specialized consulting services required. The State will be the sole judge of acceptable completion of all additional specialized consulting and, upon such determination, shall provide written approval and thereby make such service eligible for remuneration by the State.

For each additional specialized consulting and analytical support proposal requested and approved by the State, the State shall be liable to the Contractor only for the cost of the actual person hours worked to perform the additional service, not to exceed the maximum cost for the additional service detailed by the approved proposal for said service. In no instance shall the State be liable to the Contractor for the cost of any person hours worked in excess of the maximum person hours or any amount exceeding the maximum cost as detailed by the approved proposal for said service.

The Contractor shall provide the required specialized consulting and analytical support in accordance

with the following professional designations and descriptions:

- **Account Client Services Director** – manages the relationship between the State and Contractor and is responsible for the quality of that relationship. The Client Services Director also leads the team that supports the State's use and application of the Decision Support Product to identify opportunities to better manage the cost and quality of the healthcare services provided to the State's plan participants. The Client Services Director is responsible for ensuring that the State is entirely satisfied with the services, products, and solutions we provide to the State
- **Client Services Manager** – is responsible for the day-to-day activities related to the ongoing support for the State relationship. The Client Services Manager provides leadership on consulting engagements and collaborates with team members to ensure effective integration with consulting and service delivery capabilities. The Client Services Manager also monitors and manages customer satisfaction and recommends appropriate strategies, tactics and operational initiatives to continuously enhance customer satisfaction.
- **Consulting Manager** – provides expertise for both clinical and statistical data analysis using the Decision Support Product and actively participates in the identification of business needs, as well as the design of the database and reports to support those business needs. The Consulting Manager develops an analytic agenda to support the State's strategic objectives, scoping and pricing analytic projects to manage project delivery time and ensure deliverables of the highest quality. In addition, the Consulting Manager translates analytic work to proactively assist the State and answer related questions.
- **Consultant/Data Manager** – is responsible for communicating the data requirements and making certain the data is submitted and formatted in a manner that will meet the State's analytic needs. In addition, the Data Manager coordinates the routine updates with the production team. The Data Manager also communicates the database changes that occur with version upgrades and helps the State plan for any extract changes you may decide to make to address new reporting needs.
- **Analyst/Programmer (Analytic Consultant)** – provides analytic support and expertise for both clinical and statistical data analysis using Decision Support Product. The Analytic Consultant actively participates in the identification of business needs, as well as the design of the database and reports to support those business needs. The Analytic Consultant can support the State's users as they use the system or perform the analytic work themselves, depending on the State's needs and the sophistication of their users.

B. CONTRACT TERM:

This Contract shall be effective for the period commencing on December 1, 2008 and ending on December 31, 2013. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Two Million Four Hundred Ninety-five Thousand Six Hundred Dollars (\$2,495,600.00). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

- C.2. Compensation Firm. The payment rates and the maximum liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.

C.3. Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1.

- a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in Section A.
- b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:

Service Description	Amount (per compensable increment as detailed)				
	CY 2009	CY 2010	CY 2011	CY 2012	CY 2013
ALL services required under the Contract Scope of Services (excluding additional specialized consulting and analytical support that may be requested pursuant to Contract Section A.19.)	\$0.102 per member per month	\$0.113 per member per month	\$0.123 per member per month	\$0.127 per member per month	\$0.131 per member per month

- c. Optional Service. The Contractor shall be compensated for additional specialized consulting and analytical support as requested and performed pursuant to Contract Section A.19 based upon the following payment rates, PROVIDED THAT compensation to the Contractor for such additional specialized consulting and analytical support shall not exceed ten percent (10%) of the amount equal to the total cost of the Service Units detailed in Contract Section C.3.b above. If, at any point during the Contract Period, the State determines that the cost of necessary additional specialized consulting and analytical support would exceed said maximum amount, the State may amend this Contract to address the need

Professional Service Designation	Payment Rate Per Hour Per Contract Year				
	CY 2009	CY 2010	CY 2011	CY 2012	CY 2013
Account Client Services Director (as requested pursuant to Contract section A.19.)	\$412.50 per hour	\$412.50 per hour	\$412.50 per hour	\$412.50 per hour	\$412.50 per hour
Client Services Manager (as requested pursuant to Contract section A.19.)	\$300.00 per hour	\$300.00 per hour	\$300.00 per hour	\$300.00 per hour	\$300.00 per hour
Consulting Manager (as requested pursuant to Contract section A.19.)	\$225.00 per hour	\$225.00 per hour	\$225.00 per hour	\$225.00 per hour	\$225.00 per hour
Consultant/Data Manager (as requested pursuant to Contract section A.19.)	\$150.00 per hour	\$150.00 per hour	\$150.00 per hour	\$150.00 per hour	\$150.00 per hour
Analyst/Programmer (as requested pursuant to	\$125.00 per hour	\$125.00 per hour	\$125.00 per hour	\$125.00 per hour	\$125.00 per hour

- d. The Contractor shall not be compensated for travel time to the primary location of service provision.

C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

C.5. Invoice Requirements. The Contractor shall invoice the State only for completed increments of service and for the amount stipulated in Section C.3, above, and as required below prior to any payment.

- a. The Contractor shall submit invoices no more often than monthly, with all necessary supporting documentation, to:

Ms. Marlene Alvarez
 Division of Benefits Administration
 William R Snodgrass Tennessee Tower
 312 Rosa L Parks Avenue, Suite 2600
 Nashville, Tennessee 37243

- b. The Contractor agrees that each invoice submitted shall clearly and accurately (all calculations must be extended and totaled correctly) detail the following required information.

- (1) Invoice/Reference Number (assigned by the Contractor);
- (2) Invoice Date;
- (3) Invoice Period (period to which all invoiced charges are applicable);
- (4) Contract Number (assigned by the State to this Contract);
- (5) Account Name: Department of Finance and Administration, Division of Benefits Administration;
- (6) Account/Customer Number (uniquely assigned by the Contractor to the above-referenced Account Name);
- (7) Contractor Name;
- (8) Contractor Federal Employer Identification Number or Social Security Number (as referenced in this Contract);
- (9) Contractor Contact (name, phone, and/or fax for the individual to contact with billing questions);
- (10) Contractor Remittance Address;
- (11) Complete Itemization of Charges, which shall detail the following:
 - i. Service or Milestone Description (including name /title as applicable) of each service invoiced;
 - ii. Number of Completed Units, Increments, Hours, or Days as applicable, of each service invoiced;
 - iii. Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced;
 - iv. Amount Due by Service; and
 - v. Total Amount Due for the invoice period.

- c. The Contractor understands and agrees that an invoice to the State under this Contract shall:

- (1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;
- (2) not include any future work but will only be submitted for completed service; and
- (3) not include sales tax or shipping charges.

- d. The Contractor agrees that timeframe for payment (and any discounts) begins when the State is in receipt of each invoice meeting the minimum requirements above.

- e. The Contractor shall complete and sign a "Substitute W-9 Form" provided to the Contractor by the State. The taxpayer identification number contained in the Substitute W-9 submitted to the

State shall agree to the Federal Employer Identification Number or Social Security Number referenced in this Contract for the Contractor. The Contractor shall not invoice the State for services until the State has received this completed form.

- C.6. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.7. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.
- C.8. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any Contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.
- C.9. Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other Contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least Ninety (90) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.
- D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.

- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Prohibition of Illegal Immigrants. The requirements of Public Acts of 2006, Chapter Number 878, of the state of Tennessee, addressing the use of illegal immigrants in the performance of any Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
- a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment A, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the Contractor and made available to state officials upon request.
 - b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this Contract. Attestations obtained from such subcontractors shall be maintained by the Contractor and made available to state officials upon request.
 - c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
 - d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Public Chapter 878 of 2006 for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.
 - e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.
- D.9. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.10. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.11. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.

- D.12. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.13. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.
- The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.
- D.14. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.15. Force Majeure. The obligations of the parties to this Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, natural disasters, riots, wars, epidemics or any other similar cause.
- D.16. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.17. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.
- D.18. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.19. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.20. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.
- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or

address, as may be hereafter specified by written notice.

The State:

Ms Marlene Alvarez, Manager of Procurement and Contracting
Tennessee Department of Finance and Administration,
Division of Benefits Administration
William R Snodgrass Tennessee Tower
312 Rosa L Parks Avenue, Suite 2600
Nashville, Tennessee 37243
marlene.alvarez@state.tn.us
Telephone: 615.253.8358
Fax: 615.253.8556

The Contractor:

Tom Weatherup, Client Services Director
Thomson Reuters (Healthcare) Inc.
1007 Church Street, Suite 700
Evanston, Illinois 60201
tom.weatherup@thomsonreuters.com
Telephone: 847.424.4494
Fax: 847.332.1768

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

- E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- E.4. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in *Tennessee Code Annotated*, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System (TCRS), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established pursuant to *Tennessee Code Annotated*, Title 8, Chapter 35, Part 3 accepts state employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the period of this Contract.
- E.5. Insurance. The Contractor shall carry adequate liability and other appropriate forms of insurance.
- a. The Contractor shall maintain, at minimum, the following insurance coverage:
- (1) General Liability with a limit of not less than one million dollars (\$1,000,000) per claim and two million dollars (\$2,000,000) aggregate.
- b. At any time State may require the Contractor to provide a valid Certificate of Insurance detailing Coverage Description; Insurance Company & Policy Number; Exceptions and Exclusions; Policy Effective Date; Policy Expiration Date; Limit(s) of Liability; and Name and Address of Insured.

Failure to provide required evidence of insurance coverage shall be a material breach of this Contract.

- E.6. Voluntary Buyout Program. The Contractor acknowledges and understands that, for a period of two years beginning August 16, 2008, restrictions are imposed on former state employees who received a State of Tennessee Voluntary Buyout Program (VBP) severance payment with regard to contracts with state agencies that participated in the VBP.
- a. The State will not contract with either a former state employee who received a VBP severance payment or an entity in which a former state employee who received a VBP severance payment or the spouse of such an individual holds a controlling financial interest.
 - b. The State may contract with an entity with which a former state employee who received a VBP severance payment is an employee or an independent contractor. Notwithstanding the foregoing, the Contractor understands and agrees that there may be unique business circumstances under which a return to work by a former state employee who received a VBP severance payment as an employee or an independent contractor of a State contractor would not be appropriate, and in such cases the State may refuse Contractor personnel. Inasmuch, it shall be the responsibility of the State to review Contractor personnel to identify any such issues.
 - c. With reference to either subsection a. or b. above, a contractor may submit a written request for a waiver of the VBP restrictions regarding a former state employee and a contract with a state agency that participated in the VBP. Any such request must be submitted to the State in the form of the *VBP Contracting Restriction Waiver Request* format available from the State and the Internet at: www.state.tn.us/finance/rds/ocr/waiver.html. The determination on such a request shall be at the sole discretion of the head of the state agency that is a Party to this Contract, the Commissioner of Finance and Administration, and the Commissioner of Human Resources.

- E.7. Confidentiality of Records. Strict standards of confidentiality of records shall be maintained in accordance with the law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of State law and ethical standards and shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with State law and ethical standards.

The Contractor will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the State's information as the Contractor exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this section.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

- E.8. HIPAA Compliance. The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its accompanying regulations.

- a. Contractor warrants to the State that it is familiar with the requirements of HIPAA and its accompanying regulations, and will comply with all applicable HIPAA requirements in the course of this Contract.

- b. Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by HIPAA and its regulations, in the course of performance of the Contract so that both parties will be in compliance with HIPAA.
- c. The State and the Contractor will sign documents, including but not limited to business associate agreements, (see Contract Attachment C), as required by HIPAA and that are reasonably necessary to keep the State and Contractor in compliance with HIPAA. This provision shall not apply if information received by the State under this Contract is NOT "protected health information" as defined by HIPAA, or if HIPAA permits the State to receive such information without entering into a business associate agreement or signing another such document.

E.9. Incorporation of Additional Documents. Included in this Contract by reference are the following documents:

- a. The Contract document and its attachments
- b. All Clarifications and addenda made to the Contractor's Proposal
- c. The Request for Proposal and its associated amendments
- d. Technical Specifications provided to the Contractor
- e. The Contractor's Proposal

In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these documents shall govern in order of precedence detailed above.

E.10. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;
- b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
- c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in Section B. of this certification; and
- d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded or disqualified.

E.11. Contractor Commitment to Diversity. The Contractor shall comply with and make reasonable business efforts to exceed the commitment to diversity represented by the Contractor's proposal responding to RFP – 317.86-054(Attachment 6.3, Section B, Item B.13.) and resulting in this Contract.

The Contractor shall assist the State in monitoring the Contractor's performance of this commitment by providing, as requested, a quarterly report of participation in the performance of this Contract by small business enterprises and businesses owned by minorities, women, and persons with a disability. Such

reports shall be provided to the state of Tennessee Governor's Office of Business Diversity Enterprise in form and substance as required by said office.

E.12. Ownership of Software and Work Products.

a. Definitions.

- (1) "Contractor-Owned Software," which shall mean commercially available software the rights to which are owned by Contractor, including but not limited to commercial "off-the-shelf" software which is not developed using State's money or resources.
- (2) "Custom-Developed Application Software," which shall mean customized application software developed by Contractor solely for State.
- (3) "Rights Transfer Application Software," which shall mean any pre-existing application software owned by Contractor or a third party, provided to State and to which Contractor will grant and assign, or will facilitate the granting and assignment of, all rights, including the source code, to State.
- (4) "Third-Party Software," which shall mean software not owned by the State or the Contractor.
- (5) "Work Product," which shall mean all deliverables exclusive of hardware, such as software, software source code, documentation, planning, etc., that are created, designed, developed, or documented by the Contractor for the State during the course of the project using State's money or resources, including Custom-Developed Application Software. If the system solution includes Rights Transfer Application Software, the definition of Work Product shall also include such software.

b. Rights and Title to the Software

- (1) All right, title and interest in and to the Contractor-Owned Software shall at all times remain with Contractor, subject to any license granted herein.
- (2) All right, title and interest in and to the Work Product, and to modifications thereof made by State, including without limitation all copyrights, patents, trade secrets and other intellectual property and other proprietary rights embodied by and arising out of the Work Product, shall belong to State. To the extent such rights do not automatically belong to State, Contractor hereby assigns, transfers, and conveys all right, title and interest in and to the Work Product, including without limitation the copyrights, patents, trade secrets, and other intellectual property rights arising out of or embodied by the Work Product. Contractor shall execute any other documents that State or its counsel deem necessary or desirable to document this transfer and/or allow State to register its claims and rights to such intellectual property rights or enforce them against third parties, and Contractor shall cooperate fully in the foregoing endeavors.
- (3) All right, title and interest in and to the Third-Party Software shall at all times remain with the third party, subject to any license granted thereby. Refer to Contract Attachment F.

c. Nothing in this Contract shall prohibit the Contractor's use for its own purposes of the general knowledge, skills, experience, ideas, concepts, know-how, and techniques obtained and used during the course of providing the services requested under this Contract.

d. Nothing in the Contract shall prohibit the Contractor from developing for itself, or for others, materials which are similar to and/or competitive with those that are produced under this Contract.

THOMSON REUTERS (HEALTHCARE) INC.:

Jonathan Newport Executive V.P.

**STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE,
LOCAL GOVERNMENT INSURANCE COMMITTEE:**

PER AUTHORIZED
SIGNATURE ABOVE

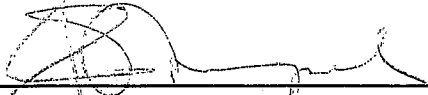
DATE _____

DATE:

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

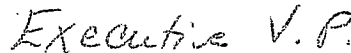
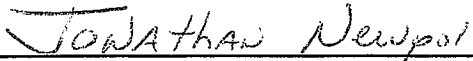
SUBJECT CONTRACT NUMBER:	FA - 09 -
CONTRACTOR LEGAL ENTITY NAME:	Thomson Reuters (Healthcare) Inc.
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	06 - 1467923

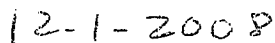
The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.



CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. If said individual is not the chief executive or president, this document shall attach evidence showing the individual's authority to contractually bind the Contractor.



PRINTED NAME AND TITLE OF SIGNATORY

DATE OF ATTESTATION

**CONTRACT ATTACHMENT B
PERFORMANCE GUARANTEES**

1. Database Update	
Guarantee	Database should be delivered to State ready-to-use within 14 days of receipt of clean, usable data from all claims administrators.
Definition	Measured 15 days from the day of last submission of clean, usable data from all claims administrators.
Non Compliance Amount	\$500 a day for each day beyond 14 days.
Measurement	Measured monthly, and reconciled annually.
2. DSS System Availability	
Guarantee	The Contractor shall assure that the DSS/EIS will be available to State users ninety eight percent (98%) of the time between the hours of 6:00 a.m. and 7:00 p.m. Central Time Monday through Saturday calculated on a monthly basis.
Definition	Access availability to the DSS/EIS measured and reported monthly.
Non Compliance Amount	\$500 a day for every day DSS/EIS not available.
Measurement	Measured monthly, and reconciled annually.
3. Implementation	
Guarantee	Contractor shall assure that the DSS/EIS is fully functional and available to the State by February 28, 2009.
Definition	Access by trained State staff to full functioning DSS/EIS.
Non Compliance Amount	\$500 per day of DSS system unavailability beyond February 28, 2009.
Measurement	Measured and reported weekly after February 28, 2009.

HIPAA BUSINESS ASSOCIATE AGREEMENT
(for Business Associates that do NOT have a service contract with the Covered Entity)

THIS BUSINESS ASSOCIATE AGREEMENT (hereinafter "Agreement") is between The State of Tennessee, State Insurance Committee, Local Education Insurance Committee, and Local Government Insurance Committee (hereinafter "Covered Entity") and Thomson Reuters (Healthcare) Inc. (hereinafter "Business Associate"). Covered Entity and Business Associate may be referred to herein individually as "Party" or collectively as "Parties."

Covered Entity acknowledges that it is subject to the Privacy Rule (45 CFR Parts 160 and 164) promulgated by the United States Department of Health and Human Services pursuant to the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191.

In accordance with the federal privacy regulations set forth at 45 C.F.R. Part 160 and Part 164, Subparts A and E, which require Covered Entity to have a written contract with each of its Business Associates, the Parties wish to establish satisfactory assurances that Business Associate will appropriately safeguard "Protected Health Information" and, therefore, make this Agreement.

1. DEFINITIONS

- 1.1. Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in 45 CFR §§ 160.103 and 164.501.
- 1.2. "Designated Record Set" shall have the meaning set out in its definition at 45 C.F.R. § 164.501.
- 1.3. "Health Care Operations" shall have the meaning set out in its definition at 45 C.F.R. § 164.501.
- 1.4. "Individual" shall have the same meaning as the term "individual" in 45 CFR § 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR § 164.502(g).
- 1.5. "Privacy Officer" shall have the meaning as set out in its definition at 45 C.F.R. § 164.530(a)(1).
- 1.6. "Privacy Rule" shall mean the Standards for Privacy for Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, subparts A and E.
- 1.7. "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR § 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- 1.8. "Required By Law" shall have the same meaning as the term "required by law" in 45 CFR § 164.501.

2. OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE

- 2.1. Business Associate agrees to fully comply with the requirements under the Privacy Rule applicable to "business associates," as that term is defined in the Privacy Rule and not use or further disclose Protected Health Information other than as permitted or required by this Agreement or as Required By Law.
- 2.2. Business Associate agrees to use appropriate procedural, physical, and electronic safeguards to prevent use or disclosure of Protected Health Information other than as provided for by this Agreement. Said safeguards shall include, but are not limited to, requiring employees to agree to use or disclose Protected Health Information only as permitted or required by this Agreement and taking related disciplinary actions for inappropriate use or disclosure as necessary.
- 2.3. Business Associate shall require any agent, including a subcontractor, to whom it provides Protected Health Information received from, created or received by, Business Associate on behalf of Covered Entity or that carries out any duties for the Business Associate involving the use, custody, disclosure, creation of, or access to Protected Health Information, to agree, by written contract with Business Associate, to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such information.
- 2.4. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Agreement.
- 2.5. Business Associate agrees to require its employees, agents, and subcontractors to immediately report, to Business Associate, any use or disclosure of Protected Health Information in violation of this Agreement and to report to Covered Entity any use or disclosure of the Protected Health Information not provided for by this Agreement.
- 2.6. If Business Associate receives Protected Health Information from Covered Entity in a Designated Record Set, then Business Associate agrees to provide access, at the request of Covered Entity, to Protected Health Information in a Designated Record Set, to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 CFR § 164.524, provided that Business Associate shall have at least seven (7) days from Covered Entity notice to provide access to, or deliver such information.
- 2.7. If Business Associate receives Protected Health Information from Covered Entity in a Designated Record Set, then Business Associate agrees to make any amendments to Protected Health Information in a Designated

Record Set that the Covered Entity directs or agrees to pursuant to the 45 CFR § 164.526 at the request of Covered Entity or an Individual, and in the time and manner designated by Covered Entity, provided that Business Associate shall have at least thirty (30) days from Covered Entity notice to make an amendment.

- 2.8. Business Associate agrees to make its internal practices, books, and records including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information received from, created by or received by Business Associate on behalf of, Covered Entity available to the Secretary of the United States Department of Health in Human Services or the Secretary's designee, in a time and manner designated by the Secretary, for purposes of determining Covered Entity's or Business Associate's compliance with the Privacy Rule.
- 2.9. Business Associate agrees to document disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosure of Protected Health Information in accordance with 45 CFR § 164.528.
- 2.10. Business Associate agrees to provide Covered Entity or an Individual, in time and manner designated by Covered Entity, information collected in accordance with this Agreement, to permit Covered Entity to respond to a request by an Individual for and accounting of disclosures of Protected Health Information in accordance with 45 CFR § 164.528, provided that Business Associate shall have at least seven (7) days from Covered Entity notice to provide access to, or deliver such information which shall include, at minimum, (a) date of the disclosure; (b) name of the third party to whom the Protected Health Information was disclosed and, if known, the address of the third party; (c) brief description of the disclosed information; and (d) brief explanation of the purpose and basis for such disclosure.
- 2.11. Business Associate agrees it must limit any use, disclosure, or request for use or disclosure of Protected Health Information to the minimum amount necessary to accomplish the intended purpose of the use, disclosure, or request in accordance with the requirements of the Privacy Rule.
- 2.11.1. Business Associate represents to Covered Entity that all its uses and disclosures of, or requests for, Protected Health Information shall be the minimum necessary in accordance with the Privacy Rule requirements.
- 2.11.2. Covered Entity may, pursuant to the Privacy Rule, reasonably rely on any requested disclosure as the minimum necessary for the stated purpose when the information is requested by Business Associate.
- 2.11.3. Business Associate acknowledges that if Business Associate is also a covered entity, as defined by the Privacy Rule, Business Associate is required, independent of Business Associate's obligations under this Agreement, to comply with the Privacy Rule's minimum necessary requirements when making any request for Protected Health Information from Covered Entity.
- 2.12. Business Associate agrees to adequately and properly maintain all Protected Health Information received from, or created or received on behalf of, Covered Entity and to document subsequent uses and disclosures of such information by Business Associate as may be deemed necessary and appropriate by the Covered Entity.
- 2.13. If Business Associate receives a request from an Individual for a copy of the individual's Protected Health Information, and the Protected Health Information is in the sole possession of the Business Associate, Business Associate will provide the requested copies to the individual and notify the Covered Entity of such action. If Business Associate receives a request for Protected Health Information in the possession of the Covered Entity; or receives a request to exercise other individual rights as set forth in the Privacy Rule, Business Associate shall notify Covered Entity of such request and forward the request to Covered Entity. Business Associate shall then assist Covered Entity in responding to the request.
- 2.14. Business Associate agrees to fully cooperate in good faith with and to assist Covered Entity in complying with the requirements of the Privacy Rule.

3. PERMITTED USES AND DISCLOSURES BY BUSINESS ASSOCIATE

- 3.1. Except as otherwise limited in this Agreement, Business Associate may use or disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, Covered Entity provided that such use or disclosure would not violate the Privacy Rule if done by Covered Entity.
- 3.2. Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information as required for Business Associate's proper management and administration or to carry out the legal responsibilities of the Business Associate.
- 3.3. Except as otherwise limited in this Agreement, Business Associate may disclose Protected Health Information for the proper management and administration of the Business Associate, provided that disclosures are Required By Law, or provided that, if Business Associate discloses any Protected Health Information to a third party for such a purpose, Business Associate shall enter into a written agreement with such third party requiring the third party to: (a) maintain the confidentiality of Protected Health Information and not to use or further disclose such information except as Required By Law or for the purpose for which it was disclosed, and (b) notify Business Associate of any instances in which it becomes aware in which the confidentiality of the Protected Health Information is breached.
- 3.4. Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information to provide Data Aggregation services to Covered Entity as permitted by 42 CFR § 164.504(e)(2)(I)(B).

4. OBLIGATIONS OF COVERED ENTITY

- 4.1. Covered Entity shall provide Business Associate with the notice of privacy practices that Covered Entity produces in accordance with 45 CFR § 164.520, as well as any changes to such notice.
- 4.2. Covered Entity shall provide Business Associate with any changes in, or revocation of, permission by an Individual to use or disclose Protected Health Information, if such changes affect Business Associate's permitted or required uses.
- 4.3. Covered Entity shall notify Business Associate of any restriction to the use or disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 CFR § 164.522, to the extent that such restriction may affect Business Associate's use of Protected Health Information.
5. PERMISSIBLE REQUESTS BY COVERED ENTITY
- 5.1. Covered Entity shall not request Business Associate to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule if done by Covered Entity.
6. TERM AND TERMINATION
- 6.1. Term. This Agreement shall be effective as of the date on which it is signed by both parties and shall terminate when all of the Protected Health Information provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy Protected Health Information, Section 6.3. below shall apply.
- 6.2. Termination for Cause.
- 6.2.1. This Agreement authorizes and Business Associate acknowledges and agrees Covered Entity shall have the right to immediately terminate this Agreement in the event Business Associate fails to comply with, or violates a material provision of, requirements of the Privacy Rule or this Agreement.
- 6.2.2. Upon Covered Entity's knowledge of a material breach by Business Associate,
- 6.2.2.1. Covered Entity shall, whenever practicable, provide a reasonable opportunity for Business Associate to cure the breach or end the violation.
- 6.2.2.2. If Business Associate has breached a material term of this Agreement and cure is not possible or if Business Associate does not cure a curable breach or end the violation within a reasonable time as specified by, and at the sole discretion of, Covered Entity, Covered Entity may immediately terminate this Agreement.
- 6.2.2.3. If neither cure nor termination are feasible, Covered Entity shall report the violation to the Secretary of the United States Department of Health in Human Services or the Secretary's designee.
- 6.3. Effect of Termination.
- 6.3.1. Except as provided in Section 6.3.2. below, upon termination of this Agreement, for any reason, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of, Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.
- 6.3.2. In the event that Business Associate determines that returning or destroying the Protected Health Information is not feasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction unfeasible. Upon mutual agreement of the Parties that return or destruction of Protected Health Information is unfeasible, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction unfeasible, for so long as Business Associate maintains such Protected Health Information.
7. MISCELLANEOUS
- 7.1. Regulatory Reference. A reference in this Agreement to a section in the Privacy Rule means the section as in effect or as amended.
- 7.2. Amendment. The Parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy Rule and the Health Insurance Portability and Accountability Act, Public Law 104-191. Business Associate and Covered Entity shall comply with any amendment to the Privacy Rule, the Health Insurance Portability and Accountability Act, Public Law 104-191, and related regulations upon the effective date of such amendment, regardless of whether this Agreement has been formally amended.
- 7.3. Survival. The respective rights and obligations of Business Associate under Section 6.3. of this Agreement shall survive the termination of this Agreement.
- 7.4. Interpretation. Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits Covered Entity and the Business Associate to comply with the Privacy Rule.
- 7.5. Notices and Communications. All instructions, notices, consents, demands, or other communications required or contemplated by this Agreement shall be in writing and shall be delivered by hand, by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below, or to such other party, facsimile number, or address as may be hereafter specified by written notice.

COVERED ENTITY:

The State of Tennessee, State Insurance
Committee, Local Education Insurance
Committee, Local Government Insurance
Committee
M.D. Goetz, Jr., Chairman
312 Rosa L Parks Ave, Suite 2600
Nashville, TN 37243
Telephone: 615.253.8358
Fax: 615.253.8556

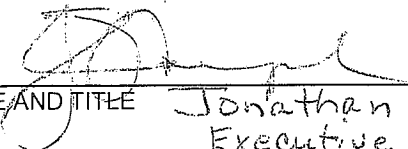
BUSINESS ASSOCIATE:

Thomson Reuters (Healthcare) Inc.
Tom Weatherup, Client Services Director
1007 Church Street, Suite 700
Evanston, Illinois 60201
Telephone: 847.424.4494
Fax: 847.332.1768

- 7.6. All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the date of hand delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the facsimile machine at the receiving location and receipt is verbally confirmed by the sender.
- 7.7. Strict Compliance. No failure by any Party to insist upon strict compliance with any term or provision of this Agreement, to exercise any option, to enforce any right, or to seek any remedy upon any default of any other Party shall affect, or constitute a waiver of, any Party's right to insist upon such strict compliance, exercise that option, enforce that right, or seek that remedy with respect to that default or any prior, contemporaneous, or subsequent default. No custom or practice of the Parties at variance with any provision of this Agreement shall affect, or constitute a waiver of, any Party's right to demand strict compliance with all provisions of this Agreement.
- 7.8. Severability. With respect to any provision of this Agreement finally determined by a court of competent jurisdiction to be unenforceable, such court shall have jurisdiction to reform such provision so that it is enforceable to the maximum extent permitted by applicable law, and the Parties shall abide by such court's determination. In the event that any provision of this Agreement cannot be reformed, such provision shall be deemed to be severed from this Agreement, but every other provision of this Agreement shall remain in full force and effect.
- 7.9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.
- 7.10. Compensation. There shall be no remuneration for performance under this HIPAA Business Associate Agreement.


IN WITNESS WHEREOF,

THOMSON REUTERS (HEALTHCARE) INC.:


NAME AND TITLE Jonathan Newport
Executive V.P.

12-1-2008
Date

STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE
LOCAL GOVERNMENT INSURANCE COMMITTEE:


M.D. GOETZ, JR., CHAIRMAN MDA

12-8-08
Date